

Senate Substitute for HOUSE BILL No. 2118

By Committee on Assessment and Taxation

5-21

1 AN ACT concerning property taxation; relating to tax rates, truth in
2 taxation, establishing notice and public hearing requirements prior to
3 approval to exceed revenue neutral rate, discontinuing the city and
4 county tax lid; relating to time for payment of real property and
5 personal property taxes, providing for waiver of interest and fees for a
6 certain period of time, listing delinquent real estate subject to sale,
7 publication; relating to valuation of real property, prohibiting valuation
8 increase solely as the result of normal repair, replacement or
9 maintenance; amending K.S.A. 79-1460, 79-1801, 79-2302, 79-2303
10 and 79-2925c and repealing the existing sections.
11

12 *Be it enacted by the Legislature of the State of Kansas:*

13 New Section 1. (a) On or before June 15 each year, the county clerk
14 shall calculate the revenue neutral rate for each taxing subdivision and
15 include such revenue neutral rate on the notice of the estimated assessed
16 valuation provided to each taxing subdivision for budget purposes. The
17 director of accounts and reports shall modify the prescribed budget
18 information form to show the revenue neutral rate.

19 (b) No tax rate in excess of the revenue neutral rate shall be levied by
20 the governing body of any taxing subdivision unless a resolution or
21 ordinance has been approved by the governing body according to the
22 following procedure:

23 (1) The governing body shall publish notice of its proposed intent to
24 exceed the revenue neutral rate on the website of the governing body, if
25 the governing body maintains a website, at least 10 days in advance of the
26 public hearing. The notice shall include, but not be limited to, its proposed
27 tax rate, its revenue neutral rate and the date, time and location of the
28 public hearing.

29 (2) On or before July 15, the governing body shall notify the county
30 clerk of its proposed intent to exceed the revenue neutral rate and provide
31 the date, time and location of the public hearing and its proposed tax rate.
32 The county clerk shall notify each taxpayer with property in the taxing
33 subdivision, by mail directed to the taxpayer's last known address, of the
34 proposed intent to exceed the revenue neutral rate at least 10 days in
35 advance of the public hearing. Alternatively, the county clerk may transmit
36 the notice to the taxpayer by electronic means at least 10 days in advance

1 of the public hearing, if such taxpayer and county clerk have consented in
2 writing to service by electronic means. Costs associated with the notice
3 shall be borne by the taxing subdivision with payment due to the county
4 clerk by December 31. The county clerk shall consolidate the required
5 information for all taxing subdivisions relevant to the taxpayer's property
6 on one notice. The notice shall include, but not be limited to:

7 (A) The revenue neutral rate;

8 (B) the proposed property tax revenue needed to fund the proposed
9 budget;

10 (C) the proposed tax rate based upon the proposed budget and the
11 current year's total assessed valuation;

12 (D) the tax rate and property tax of the taxing subdivision on the
13 taxpayer's property from the previous year's tax statement;

14 (E) the proposed percent change in the tax rate between the previous
15 year's tax rate and the proposed tax rate for the current year;

16 (F) the appraised value and assessed value of the taxpayer's property
17 for the current year;

18 (G) the estimates of the tax for the current tax year on the taxpayer's
19 property based on the revenue neutral rate and the proposed tax rate; and

20 (H) the date, time and location of the public hearing.

21 (3) The public hearing to consider exceeding the revenue neutral rate
22 shall be held on or before September 10. The governing body shall provide
23 interested taxpayers desiring to be heard an opportunity to present oral
24 testimony within reasonable time limits and without unreasonable
25 restriction on the number of individuals allowed to make public comment.
26 The public hearing may be conducted in conjunction with the proposed
27 budget hearing pursuant to K.S.A. 79-2929, and amendments thereto, if
28 the governing body otherwise complies with all requirements of this
29 section.

30 (4) A majority vote of the governing body, by the adoption of a
31 resolution or ordinance to approve exceeding the revenue neutral rate,
32 shall be required prior to adoption of a proposed budget that will result in a
33 tax rate in excess of the revenue neutral rate. Such vote of the governing
34 body shall be conducted at the public hearing after the governing body has
35 heard from interested taxpayers.

36 (c) Any governing body subject to the provisions of this section that
37 does not comply with subsection (b) shall refund to taxpayers any property
38 taxes over-collected based on the amount of the levy that was in excess of
39 the revenue neutral rate. The provisions of this subsection shall not be
40 construed as prohibiting any other remedies available under the law.

41 (d) The provisions of this section shall not apply to school districts
42 organized and operating under the laws of this state.

43 (e) If the governing body of a taxing subdivision must conduct a

1 public hearing to approve exceeding the revenue neutral rate under this
2 section, the governing body of the taxing subdivision shall certify, on or
3 before September 20, to the proper county clerk the amount of ad valorem
4 tax to be levied.

5 (f) The provisions of this section shall not apply to a taxing
6 subdivision, other than a city or county, that receives \$5,000 or less in
7 revenue from property taxes in the current year.

8 (g) As used in this section:

9 (1) "Taxing subdivision" means any political subdivision of the state
10 that levies an ad valorem tax on property.

11 (2) "Revenue neutral rate" means the tax rate for the current tax year
12 that would generate the same property tax revenue as levied the previous
13 tax year using the current tax year's total assessed valuation. To calculate
14 the revenue neutral rate, the county clerk shall divide the property tax
15 revenue for such taxing subdivision levied for the previous tax year by the
16 total of all taxable assessed valuation in such taxing subdivision for the
17 current tax year, and then multiply the quotient by 1,000 to express the rate
18 in mills. The revenue neutral rate shall be expressed to the third decimal
19 place.

20 (h) The provisions of this section shall take effect and be in force
21 from and after January 1, 2021.

22 New Sec. 2. (a) Notwithstanding any provision of law to the contrary,
23 no interest shall accrue on any unpaid property tax for tax year 2019
24 pursuant to K.S.A. 79-2004 and 79-2004a, and amendments thereto, from
25 May 10, 2020, through August 10, 2020, nor shall the unpaid tax for tax
26 year 2019 be considered delinquent during this period.

27 (b) With respect to any unpaid property tax for tax year 2019 due
28 pursuant to K.S.A. 79-2004 and 79-2004a, and amendments thereto, the
29 county shall waive any fees, expenses and costs relating to delinquent
30 property tax collection procedures that the county charged to the taxpayer
31 prior to August 11, 2020.

32 Sec. 3. K.S.A. 79-1460 is hereby amended to read as follows: 79-
33 1460. (a) The county appraiser shall notify each taxpayer in the county
34 annually on or before March 1 for real property and May 1 for personal
35 property, by mail directed to the taxpayer's last known address, of the
36 classification and appraised valuation of the taxpayer's property, except
37 that, the valuation for all real property shall not be increased unless the
38 record of the latest physical inspection was reviewed by the county or
39 district appraiser, and documentation exists to support such increase in
40 valuation in compliance with the directives and specifications of the
41 director of property valuation, and such record and documentation is
42 available to the affected taxpayer. *The valuation for all real property also*
43 *shall not be increased solely as the result of normal repair, replacement or*

1 *maintenance of existing structures, equipment or improvements on the*
2 *property. For purposes of this section, "normal repair, replacement or*
3 *maintenance" does not include new construction as defined in this section.*
4 For the next two taxable years following the taxable year that the valuation
5 for commercial real property has been reduced due to a final determination
6 made pursuant to the valuation appeals process, the county appraiser shall
7 review the computer-assisted mass-appraisal of the property and if the
8 valuation in either of those two years exceeds the value of the previous
9 year by more than 5%, excluding new construction, change in use or
10 change in classification, the county appraiser shall either: (1) Adjust the
11 valuation of the property based on the information provided in the
12 previous appeal; or (2) order an independent fee simple appraisal of the
13 property to be performed by a Kansas certified real property appraiser. As
14 used in this section, "new construction" means the construction of any new
15 structure or improvements or the remodeling or renovation of any existing
16 structures or improvements on real property. When the valuation for real
17 property has been reduced due to a final determination made pursuant to
18 the valuation appeals process for the prior year, and the county appraiser
19 has already certified the appraisal rolls for the current year to the county
20 clerk pursuant to K.S.A. 79-1466, and amendments thereto, the county
21 appraiser may amend the appraisal rolls and certify the changes to the
22 county clerk to implement the provisions of this subsection and reduce the
23 valuation of the real property to the prior year's final determination, except
24 that such changes shall not be made after October 31 of the current year.
25 For the purposes of this section and in the case of real property, the term
26 "taxpayer" shall be deemed to be the person in ownership of the property
27 as indicated on the records of the office of register of deeds or county clerk
28 and, in the case where the real property or improvement thereon is the
29 subject of a lease agreement, such term shall also be deemed to include the
30 lessee of such property if the lease agreement has been recorded or filed in
31 the office of the register of deeds. Such notice shall specify separately both
32 the previous and current appraised and assessed values for each property
33 class identified on the parcel. Such notice shall also contain the uniform
34 parcel identification number prescribed by the director of property
35 valuation. Such notice shall also contain a statement of the taxpayer's right
36 to appeal, the procedure to be followed in making such appeal and the
37 availability without charge of the guide devised pursuant to subsection (b).
38 Such notice may, and if the board of county commissioners so require,
39 shall provide the parcel identification number, address and the sale date
40 and amount of any or all sales utilized in the determination of appraised
41 value of residential real property. In any year in which no change in
42 appraised valuation of any real property from its appraised valuation in the
43 next preceding year is determined, an alternative form of notification

1 which has been approved by the director of property valuation may be
2 utilized by a county. Failure to timely mail or receive such notice shall in
3 no way invalidate the classification or appraised valuation as changed. The
4 secretary of revenue shall adopt rules and regulations necessary to
5 implement the provisions of this section.

6 (b) For all taxable years commencing after December 31, 1999, there
7 shall be provided to each taxpayer, upon request, a guide to the property
8 tax appeals process. The director of the division of property valuation shall
9 devise and publish such guide, and shall provide sufficient copies thereof
10 to all county appraisers. Such guide shall include but not be limited to: (1)
11 A restatement of the law which pertains to the process and practice of
12 property appraisal methodology, including the contents of K.S.A. 79-503a
13 and 79-1460, and amendments thereto; (2) the procedures of the appeals
14 process, including the order and burden of proof of each party and time
15 frames required by law; and (3) such other information deemed necessary
16 to educate and enable a taxpayer to properly and competently pursue an
17 appraisal appeal.

18 Sec. 4. K.S.A. 79-1801 is hereby amended to read as follows: 79-
19 1801. (a) Except as provided by subsection (b), each year the governing
20 body of any city, the trustees of any township, the board of education of
21 any school district and the governing bodies of all other taxing
22 subdivisions shall certify, on or before August 25, to the proper county
23 clerk the amount of ad valorem tax to be levied. Thereupon, the county
24 clerk shall place the tax upon the tax roll of the county, in the manner
25 prescribed by law, and the tax shall be collected by the county treasurer.
26 The county treasurer shall distribute the proceeds of the taxes levied by
27 each taxing subdivision in the manner provided by K.S.A. 12-1678a, and
28 amendments thereto.

29 (b) *Prior to January 1, 2021, if the governing body of a city or*
30 *county must conduct an election for an increase in property tax to fund any*
31 *appropriation or budget under K.S.A. 2019 Supp. 25-433a, and*
32 *amendments thereto, the governing body of the city or county shall certify,*
33 *on or before October 1, to the proper county clerk the amount of ad*
34 *valorem tax to be levied. On and after January 1, 2021, if the governing*
35 *body of a taxing subdivision must conduct a public hearing to approve*
36 *exceeding the revenue neutral rate under section 1, and amendments*
37 *thereto, the governing body of the taxing subdivision shall certify, on or*
38 *before September 20, to the proper county clerk the amount of ad valorem*
39 *tax to be levied.*

40 Sec. 5. K.S.A. 79-2302 is hereby amended to read as follows: 79-
41 2302. (a) *Except as provided in subsection (b), between July 1 and July 10*
42 *of each year, the county treasurer shall prepare a list of all real estate*
43 *subject to sale, describing the real estate in the same manner as described*

1 of record in the office of the county clerk or the register of deeds of the
2 county in which the real estate is located. The county treasurer also shall
3 prepare an accompanying notice stating that the county treasurer will sell
4 the real estate described in the list to the county for the amount of the
5 delinquent taxes and legal charges due on the real estate and that the sale
6 will be on or after the first Tuesday of September following publication of
7 the notice under K.S.A. 79-2303, and amendments thereto. The list shall
8 show the names of the owners of the real estate, as shown of record in the
9 office of the county clerk or the register of deeds of the county in which
10 the real estate is located, the description and address, if available, of each
11 tract or parcel of land and the total of the amount of unpaid taxes upon
12 each tract or parcel. If any county treasurer at any time discovers that any
13 tract or lot of real estate has not been put on the list of delinquent taxes and
14 not sold for any preceding year, the treasurer shall be required to place the
15 omitted tract or lot on the list of delinquent taxes for the current year, and
16 sell the tract or lot as directed by this act in other cases.

17 *(b) For tax year 2019, between August 11, 2020, and August 21,*
18 *2020, the county treasurer shall prepare such list of all real estate subject*
19 *to sale that lists all real estate for which the 2019 taxes have not been paid*
20 *in full on or before August 10, 2020.*

21 Sec. 6. K.S.A. 79-2303 is hereby amended to read as follows: 79-
22 2303. (a) The county treasurer shall cause the notice and list prepared
23 under K.S.A. 79-2302, and amendments thereto, to be published in the
24 official county newspaper or in a newspaper of general circulation in the
25 county in accordance with the provisions of K.S.A. 64-101, and
26 amendments thereto. *Except as provided in subsection (b),* the notice and
27 list shall be submitted to the newspaper on or before August 1 of each year
28 and shall be published once each week for three consecutive weeks
29 immediately prior to the week when the day of sale will occur. The county
30 treasurer also shall cause a copy of the list and notice to be posted in some
31 conspicuous place in the county treasurer's office. The cost of publication
32 of the notice and list shall be paid from the general fund of the county, and
33 a \$15 fee for each tract or lot shall be added to the tax due for the tract or
34 lot as part of the costs of collection. The fee shall be collected in the
35 manner provided for the collection of the unpaid taxes.

36 *(b) With respect to tax year 2019, the notice and list shall be*
37 *submitted to the newspaper on or before September 1, 2020, and shall be*
38 *published once each week for three consecutive weeks immediately prior*
39 *to the week when the day of sale will occur. The county treasurer shall*
40 *advertise and sell such real estate on or before the fourth Monday of*
41 *October 2020, and such advertisement and sale shall conform in all*
42 *respects to the provisions of this act and shall be as binding and valid as if*
43 *such sale had been made on the first Tuesday of September.*

1 Sec. 7. K.S.A. 79-2925c is hereby amended to read as follows: 79-
2 2925c. (a) (1) On and after January 1, 2017, *and prior to January 1, 2021*,
3 the governing body of any city or county shall not approve any
4 appropriation or budget which provides for funding by property tax
5 revenues in an amount exceeding that of the next preceding year as
6 adjusted to reflect the average changes in the consumer price index for all
7 urban consumers as published by the United States department of labor for
8 the preceding five calendar years, which shall not be less than zero, unless
9 the city or county approves the appropriation or budget with the adoption
10 of a resolution and such resolution has been submitted to and approved by
11 a majority of the qualified electors of the city or county voting at an
12 election called and held thereon, except as otherwise provided.

13 (2) The election shall be called and held in the manner provided by
14 K.S.A. 10-120, and amendments thereto, and may be:

15 (A) Held at the next regularly scheduled election to be held in August
16 or November;

17 (B) may be a mail ballot election, conducted in accordance with
18 K.S.A. 25-431 et seq., and amendments thereto; or

19 (C) may be a special election called by the city or county. Nothing in
20 this subsection shall prevent any city or county from holding more than
21 one election in any year. The city or county requesting the election shall be
22 responsible for paying all costs associated with conducting the election.

23 (b) A resolution by the governing body of a city or county otherwise
24 required by the provisions of this section shall not be required to be
25 approved by an election required by subsection (a) under the following
26 circumstances:

27 (1) Increased property tax revenues that, in the current year, are
28 produced and attributable to the taxation of:

29 (A) The construction of any new structures or improvements or the
30 remodeling or renovation of any existing structures or improvements on
31 real property, which shall not include any ordinary maintenance or repair
32 of any existing structures or improvements on the property;

33 (B) increased personal property valuation;

34 (C) real property located within added jurisdictional territory;

35 (D) real property which has changed in use;

36 (E) expiration of any abatement of property from property tax; or

37 (F) expiration of a tax increment financing district, rural housing
38 incentive district, neighborhood revitalization area or any other similar
39 property tax rebate or redirection program.

40 (2) Increased property tax revenues that will be spent on:

41 (A) Bond, temporary notes, no fund warrants, state infrastructure
42 loans and interest payments not exceeding the amount of ad valorem
43 property taxes levied in support of such payments, and payments made to a

1 public building commission and lease payments but only to the extent such
2 payments were obligations that existed prior to July 1, 2016;

3 (B) payment of special assessments not exceeding the amount of ad
4 valorem property taxes levied in support of such payments;

5 (C) court judgments or settlements of legal actions against the city or
6 county and legal costs directly related to such judgments or settlements;

7 (D) expenditures of city or county funds that are specifically
8 mandated by federal or state law with such mandates becoming effective
9 on or after July 1, 2015, and loss of funds from federal sources after
10 January 1, 2017, where the city or county is contractually obligated to
11 provide a service;

12 (E) expenses relating to a federal, state or local disaster or federal,
13 state or local emergency, including, but not limited to, a financial
14 emergency, declared by a federal or state official. The board of county
15 commissioners may request the governor to declare such disaster or
16 emergency; or

17 (F) increased costs above the consumer price index for law
18 enforcement, fire protection or emergency medical services.

19 (3) Any increased property tax revenues generated for law
20 enforcement, fire protection or emergency medical services shall be
21 expended exclusively for these purposes but shall not be used for the
22 construction or remodeling of buildings.

23 (4) The property tax revenues levied by the city or county have
24 declined:

25 (A) In one or more of the next preceding three calendar years and the
26 increase in the amount of funding for the budget or appropriation from
27 revenue produced from property taxes does not exceed the average amount
28 of funding from such revenue of the next preceding three calendar years,
29 adjusted to reflect changes in the consumer price index for all urban
30 consumers as published by the United States department of labor for the
31 preceding calendar year; or

32 (B) the increase in the amount of ad valorem tax to be levied is less
33 than the change in the consumer price index plus the loss of assessed
34 property valuation that has occurred as the result of legislative action,
35 judicial action or a ruling by the board of tax appeals.

36 (5) Whenever a city or county is required by law to levy taxes for the
37 financing of the budget of any political or governmental subdivision of this
38 state that is not authorized by law to levy taxes on its own behalf, and the
39 governing body of such city or county is not authorized or empowered to
40 modify or reduce the amount of taxes levied therefore, the tax levies of the
41 political or governmental subdivision shall not be included in or
42 considered in computing the aggregate limitation upon the property tax
43 levies of the city or county.

1 (6) Any tax levy increase as a result of another taxing entity being
2 dissolved and all powers, responsibilities, duties and liabilities of the
3 taxing entity have been transferred to a city located in the county in which
4 the taxing entity is located, or to the county in which the taxing entity is
5 located, to carry on the function and responsibilities of the dissolved
6 taxing entity, so long as the levy increase does not exceed the levy of the
7 dissolved taxing entity.

8 Sec. 8. K.S.A. 79-1460, 79-1801, 79-2302, 79-2303 and 79-2925c are
9 hereby repealed.

10 Sec. 9. This act shall take effect and be in force from and after its
11 publication in the Kansas register.